



General Assembly

January Session, 2001

**Committee Bill No. 5687**

LCO No. 3723

Referred to Committee on Public Health

Introduced by:  
(PH)

***AN ACT CONCERNING THE ALLOCATION AND DISBURSEMENT OF  
TOBACCO SETTLEMENT FUNDS.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 4-28e of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 (a) There is created a Tobacco Settlement Fund which shall be a  
4 separate nonlapsing fund. Any funds received by the state from the  
5 Master Settlement Agreement executed November 23, 1998, shall be  
6 deposited into the fund.

7 (b) (1) The Treasurer is authorized to invest all or any part of the  
8 Tobacco Settlement Fund, all or any part of the Tobacco and Health  
9 Trust Fund created in section 4-28f, [and] all or any part of the  
10 Biomedical Research Trust Fund created in section 19a-32c, and all or  
11 any part of the Health Care Provider Fund created in section 2 of this  
12 act. The interest derived from any such investment shall be credited to  
13 the resources of the fund from which the investment was made.

14 (2) Notwithstanding sections 3-13 to 3-13h, inclusive, the Treasurer

15 shall invest the amounts on deposit in the Tobacco Settlement Fund,  
16 the Tobacco and Health Trust Fund, [and] the Biomedical Research  
17 Trust Fund and the Health Care Provider Fund in a manner reasonable  
18 and appropriate to achieve the objectives of such funds, exercising the  
19 discretion and care of a prudent person in similar circumstances with  
20 similar objectives. The Treasurer shall give due consideration to rate of  
21 return, risk, term or maturity, diversification of the total portfolio  
22 within such funds, liquidity, the projected disbursements and  
23 expenditures, and the expected payments, deposits, contributions and  
24 gifts to be received. The Treasurer shall not be required to invest such  
25 funds directly in obligations of the state or any political subdivision of  
26 the state or in any investment or other fund administered by the  
27 Treasurer. The assets of such funds shall be continuously invested and  
28 reinvested in a manner consistent with the objectives of such funds  
29 until disbursed in accordance with this section, section 4-28f, [or]  
30 section 19a-32c, or section 2 of this act.

31 (c) (1) For the fiscal year ending June 30, 2001, disbursements from  
32 the Tobacco Settlement Fund shall be made as follows: (A) To the  
33 General Fund in the amount identified as "Transfer from Tobacco  
34 Settlement Fund" in the General Fund revenue schedule adopted by  
35 the General Assembly; (B) to the Department of Mental Health and  
36 Addiction Services for a grant to the regional action councils in the  
37 amount of five hundred thousand dollars; and (C) to the Tobacco and  
38 Health Trust Fund in an amount equal to nineteen million five  
39 hundred thousand dollars.

40 (2) For the fiscal year ending June 30, 2002, and each fiscal year  
41 thereafter, disbursements from the Tobacco Settlement Fund shall be  
42 made as follows: (A) To the Tobacco and Health Trust Fund in an  
43 amount equal to [twelve million dollars] twenty-five per cent of the  
44 funds in the Tobacco Settlement Fund; (B) to the Biomedical Research  
45 Trust Fund in an amount equal to [four million dollars] five per cent of  
46 the funds in the Tobacco Settlement Fund; (C) to the General Fund in  
47 the amount identified as "Transfer from Tobacco Settlement Fund" in

48 the General Fund revenue schedule adopted by the General Assembly  
49 [; and (D) any remainder to the Tobacco and Health Trust Fund] in an  
50 amount equal to twenty per cent of the funds in the Tobacco  
51 Settlement Fund, provided such amount shall be used solely for health  
52 expenditures including, but not limited to, primary health care, health  
53 care for uninsured persons and disease prevention; (D) to the tobacco  
54 grant account established pursuant to subsection (d) of this section in  
55 an amount equal to twenty per cent of the funds in the Tobacco  
56 Settlement Fund; and (E) to the Health Care Provider Fund in an  
57 amount equal to thirty per cent of the funds in the Tobacco Settlement  
58 Fund.

59 (d) For the fiscal year ending June 30, 2000, five million dollars shall  
60 be disbursed from the Tobacco Settlement Fund to a tobacco grant  
61 account to be established in the Office of Policy and Management.  
62 Such funds shall not lapse on June 30, 2000, and shall continue to be  
63 available for expenditure during the fiscal year ending June 30, 2001.  
64 For the fiscal year ending June 30, 2002, and each fiscal year thereafter,  
65 any funds disbursed from the Tobacco Settlement Fund to the tobacco  
66 grant account pursuant to subsection (c) of this section shall not lapse  
67 at the end of such fiscal year and shall continue to be available for  
68 expenditure during the subsequent fiscal year.

69 (e) Tobacco grants shall be made from the account established  
70 pursuant to subsection (d) of this section by the Secretary of the Office  
71 of Policy and Management in consultation with the speaker of the  
72 House of Representatives, the president pro tempore of the Senate, the  
73 majority leader of the House of Representatives, the majority leader of  
74 the Senate, the minority leader of the House of Representatives, the  
75 minority leader of the Senate, and the cochairpersons and ranking  
76 members of the joint standing committees of the General Assembly  
77 having cognizance of matters relating to public health and  
78 appropriations and the budgets of state agencies, or their designees.  
79 Such grants shall be used to reduce tobacco abuse through prevention,  
80 education, cessation, treatment, enforcement and health needs

81 programs.

82 Sec. 2. (NEW) There is created a Health Care Provider Fund which  
83 shall be a separate nonlapsing fund. The fund may accept transfers  
84 from the Tobacco Settlement Fund and may apply for and accept gifts,  
85 grants or donations from public or private sources to enable the fund  
86 to carry out its objectives. On and after July 1, 2001, the Commissioner  
87 of Social Services may make grants-in-aid from the fund for the  
88 reimbursement of hospitals, Medicaid providers and pharmacy costs  
89 under Medicaid. The commissioner shall develop an application for  
90 grants-in-aid under this section.

91 Sec. 3. This act shall take effect from its passage.

***Statement of Purpose:***

To address rising hospital and pharmacy costs and the decreasing provider network under the Medicaid program, to provide for the allocation of additional tobacco settlement funds to the various trust funds and to ensure that tobacco settlement funds are used for health care expenditures.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. NARDELLO, 89th Dist.